

## Earnings Release

15 December 2020

### COMMERCIAL INTERNATIONAL BANK (“CIB”) REPORTS THIRD-QUARTER 2020 CONSOLIDATED REVENUE OF EGP 6.65 BILLION AND NET INCOME OF EGP 2.35 BILLION, OR EGP 1.44 PER SHARE, DOWN 26% FROM THIRD- QUARTER 2019

#### Third-Quarter 2020 Consolidated Financial Results

- Net income of EGP 2.35 billion, down 26% year-on-year (YoY)
- Revenues of EGP 6.65 billion, up 10% YoY
- Return on average equity of 17.6%
- Return on average assets of 2.31%
- Efficiency ratio of 20.5%
- Net interest margin (NIM)<sup>1</sup> of 6.71%

#### Nine-Month 2020 Consolidated Financial Results

- Net income of EGP 7.35 billion, down 14% YoY
- Revenues of EGP 19.3 billion, up 14% YoY
- Return on average equity of 18.5%
- Return on average assets of 2.44%
- Efficiency ratio of 20.7%
- Net interest margin<sup>1</sup> of 6.87%

#### Competent Balance Sheet

- Total tier capital recorded EGP 58.8 billion, or 31.0% of risk-weighted assets
- CBE local currency liquidity ratio of 71.6%, foreign currency liquidity ratio of 65.9% (comfortably above CBE requirements of 20% and 25%, respectively)
- CIB remains well above the 100% requirement in the Basel III NSFR and LCR ratios
- High quality of funding, with customer deposits comprising 92% of total liabilities
- Coverage for unsecured loans<sup>2</sup> by loan loss provisions recorded 16%, and 17% when accounting for IFRS 9 Risk Reserve

#### Supporting our Economy

- Funding to businesses and individuals grew by 2% over nine-month 2020 to record EGP 134 billion, with a loan market share of 5.83%<sup>3</sup>
- Deposits grew by 9% over nine-month 2020 to record EGP 331 billion, with a deposit market share of 6.69%<sup>2</sup>
- In third-quarter 2020, CIB’s operations generated EGP 1.61 billion in corporate, payroll and other taxes

#### Committed to our Community

- CIB Foundation, in collaboration with “Al Joud Foundation”, aided “Al-Naas Hospital for Children’s Heart” in operating 15 cardiac paediatric intensive care units and in sponsoring 40 paediatric open-heart surgeries.
- CIB Foundation joined forces with “Egyptian Clothing Bank” to manufacture and distribute 50,000 winter suits and shoes for underprivileged children across Egypt.

<sup>1</sup> Based on managerial accounts.

<sup>2</sup> Unsecured Loans are not disclosed in Financial Statements.

<sup>3</sup> As of August 2020; latest available CBE data at time of print.

- CIB Foundation paid the first instalments to “Magdi Yacoub Heart Foundation” for two projects each worth of EGP 10 million to cover 100 paediatric open-heart surgeries and 350 Cath Lab Consumables at Magdy Yacoub Aswan Heart Center.
- CIB Foundation funded “Ibrahim A. Badran Foundation – Our Kids Our Future” with the final instalment to send 48 Medical Convoys targeting children with health problems in underprivileged areas.
- CIB Foundation paid the second and third instalments to “Al-Hassan Foundation for Differently-Abled Inclusion” to purchase 100 customized wheelchairs from Ottobock Germany for unprivileged children.

### Awards & Rankings

- Global Finance: World's Best Bank in the Emerging Markets
- Global Finance: Best Treasury & Cash Management Providers in Egypt
- Global Finance: Best Foreign Exchange Provider in Egypt
- Global Finance: Best Bank in Egypt
- African Banker: Best Regional Bank in North Africa
- Euromoney: Best Bank in Egypt

CAIRO - Commercial International Bank (EGX: COMI) today reported third-quarter 2020 consolidated net income of EGP 2.35 billion, or EGP 1.44 per share, down 26% from third-quarter 2019.

Management commented: “Approaching the end of one exceptionally dynamic year, CIB managed to deliver another record of strong financial performance, while prioritizing solvency over profitability in light of the macroeconomic challenges that followed the COVID-19 outbreak. Despite wide anticipations of a speedy global economic recovery, ambiguity continued to overshadow the overall outlook and hence the creditworthiness of clients. Accordingly, Management maintained consistency with provisions, accumulating EGP 1.6 billion in the third quarter of 2020, further reinstating the Bank’s prudent Risk Management approach and pledge to put solvency first. With that, loan loss provision balance recorded EGP 15.4 billion, covering 11.5% of the total loan portfolio, and 16% of the unsecured portion, which alongside steadfast capital base of EGP 59 billion, translating into 31.0% Capital Adequacy Ratio, affirms the resilient coverage for CIB in terms of both expected and unexpected losses, resting comfortably above regulatory requirements and pioneer in the Egyptian Banking Sector.

Bottom line before loan loss provisions recorded a robust growth of 15%, reflecting the Bank’s resilient balance sheet structure, with an asset mix that strikes the balance between liquidity and profitability, while managing to grow funds at controlled costs. Moving forward, the outlook is prone to grow clearer following especially the conclusion of the CBE grace period and the gradual disclosure of client creditworthiness. Further, and despite numerous macroeconomic variations, the Bank’s compact balance sheet structure and solvency cement its solid position in weathering market volatility and uncertainty.”

## THIRD-QUARTER 2020 FINANCIAL HIGHLIGHTS

### REVENUES

Third-quarter 2020 standalone revenues were EGP 6.69 billion, up 10% from third-quarter 2019. Nine-month 2020 standalone revenues were EGP 19.3 billion, up 15% from nine-month 2019, on the back of net interest income growth. Upon adding back contingent provision charged, which is normally deducted from Net Operating Income as part of Other Operating Expenses, nine-month 2020 standalone revenues grew by 21% YoY.

### NET INTEREST INCOME

Nine-month 2020 standalone net interest income was EGP 18.8 billion, up 22% YoY, generated at 6.87% Total NIM<sup>1</sup>, up 58 basis points (bp) YoY. Local Currency NIM<sup>1</sup> recorded 9.19%, up 90bp YoY, while Foreign Currency NIM<sup>1</sup> recorded 1.35%, down 107bp YoY.

### NON-INTEREST INCOME

Nine-month 2020 standalone non-interest income recorded EGP 504 million, representing 3% of total revenues. Adding back contingent provision charged amounting to EGP 1.02 billion for nine-month 2020, standalone non-interest income represented 8% of revenues. Trade service fees were EGP 512 million, with outstanding balance of EGP 76.2 billion<sup>4</sup>.

### OPERATING EXPENSE

Nine-month 2020 standalone operating expense was EGP 4.18 billion, up 8% YoY. Cost-to-income reported 20.6%, 248bp lower YoY<sup>5</sup>, and comfortably below the desirable level of 30%.

### LOANS

Gross loan portfolio recorded EGP 134 billion, growing by 2% or EGP 2.35 billion over nine-month 2020. Growth was driven wholly by local currency loans, which grew impressively by 16% or EGP 11.8 billion. CIB's loan market share reached 5.83% as of August 2020.

### DEPOSITS

Deposits recorded EGP 331 billion, growing by 9% or EGP 26.7 billion over nine-month 2020. Growth was driven mostly by local currency deposits, which grew by 12% or EGP 26.0 billion, and foreign currency deposits grew by 3% or USD 144 million. CIB's deposit market share recorded 6.69% as of August 2020, maintaining the highest deposit market share among all private-sector banks.

### ASSET QUALITY

CIB maintained its resilient asset quality. Standalone non-performing loans represented 3.97% of the gross loan portfolio. The Bank's loan loss provision balance recorded EGP 15.4 billion, covering 16% of the unsecured loan portfolio, and 17% when accounting for the IFRS 9 Risk Reserve of EGP 1.4 billion. Nine-month 2020 loan loss provision expense recorded EGP 3.86 billion, 3x higher YoY.

### CAPITAL AND LIQUIDITY

Total tier capital recorded EGP 58.8 billion, or 31.0% of risk-weighted assets as of September 2020. Tier I capital reached EGP 52.2 billion, or 89% of total tier capital. CIB maintained its comfortable liquidity position above CBE requirements and Basel III guidelines in both local currency and foreign currency. CBE local currency liquidity ratio remained well above the regulator's 20% requirement, recording 71.6% as of September 2020, while CBE foreign currency liquidity ratio reached 65.9%, above the threshold of 25%. NSFR was 221% for local currency and 149% for foreign currency, and LCR was 1021% for local currency and 315% for foreign currency, comfortably above the 100% Basel III requirement.

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<sup>4</sup> Net of Collateral, Gross of Provisions.

<sup>5</sup> Cost-to-income is, as has normally been, calculated using revenues after adding/deducting back contingent provision charged/released.

**KEY METRICS AND BUSINESS UPDATES<sup>6</sup>**

- #1 private-sector bank in Egypt in terms of revenues, net income, deposits, and total assets

**INSTITUTIONAL BANKING**

- End-of-period gross loans were EGP 99.1 billion, 5% lower year-to-date (YtD), on foreign currency loans coming lower by 16%, partially offset by 8% growth in local currency loans.
- End-of-period deposits were EGP 110.6 billion, 12% higher YtD, on growth in both local currency and foreign currency deposits by 16% and 7%, respectively.
- Gross outstanding contingent business reached EGP 80.3 billion, 7% higher YtD.

**BUSINESS BANKING**

- End-of-period gross loans were EGP 1.1 billion, 36% higher YtD, primarily in local currency.
- End-of-period deposits were EGP 27.2 billion, 16% higher YtD, mostly on local currency deposit growth of 21%, besides 2% growth in foreign currency deposits.
- Gross outstanding contingent business reached EGP 1.5 billion, 14% higher YtD.

**RETAIL INDIVIDUALS BANKING**

- End-of-period gross loans were EGP 34 billion, 29% higher YtD, primarily in local currency.
- End-of-period deposits were EGP 193.4 billion, 6% higher YtD, wholly on local currency deposit growth of 9%, while foreign currency deposits came in flat YtD.
- CIB continued to expand its network to reach a total of 180 branches and 27 units across Egypt, supported by a network of 1,110 ATMs.

**SIGNIFICANT DEVELOPMENTS POST SEPTEMBER 30<sup>TH</sup>, 2020**

On Thursday October 22nd, 2020 the Bank's Directors received a letter from the Central Bank of Egypt (CBE) informing them that in light of the findings of a limited review inspection, the CBE Board of Directors agreed on a resolution to discharge the Chairman and Managing Director of CIB and that its Board should elect a Non-Executive Chairman from among its Non-Executive Directors.

On the following day the CIB Board convened, during that meeting, the then Chairman and Managing Director resigned and Mr. Sherif Samy was elected Non-Executive Chairman.

Several meetings were subsequently held at the CBE during which the key findings of the CBE inspection were relayed. The meetings with the CBE Inspection team, were attended by CIB's Non-Executive Chairman and the Bank's management. This was followed by a written letter from the CBE being delivered to CIB's Chairman documenting the CBE limited review inspection findings.

The Bank carefully assessed all the findings in order to quantify the impact of such findings on CIB in coordination with its advisors, where appropriate at this stage. This required additional time for the Bank to complete its review process, before it could satisfactorily release the September 30th, 2020 financial statements and associated disclosures.

As mandated by the BOD, CIB management reviewed the inspection findings and identified corrective actions to be taken. The Q3 financial statements take into account the impact of such findings and actions.

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<sup>6</sup> Loan, deposit, and outstanding contingent balances are based on managerial accounts.

Outstanding contingent balances are gross of collateral and provisions.

Growth in foreign currency balances is in real terms, excluding the effect of EGP appreciation by EGP 0.3 over nine-month 2020.



The Bank is responding to the findings and has prepared an action plan for the CBE. Additionally, as directed by the Non-Executive Directors, the Audit Committee is appointing an independent international professional services firm to conduct an in-depth review of the Bank’s controls and lending functions with a view to addressing specific and related areas from the CBE inspection, and to further enhance regulatory compliance and strengthen controls at CIB, as part of the Bank’s commitment to enhancing risk management and the governance culture at the Bank.

**CONSOLIDATED FINANCIAL HIGHLIGHTS**

Income Statement	3Q20	2Q20	QoQ Change	3Q19	YoY Change	9M20	9M19	YoY Change
	EGP million	EGP million	(3Q20 vs. 2Q20)	EGP million	(3Q20 vs. 3Q19)	EGP million	EGP million	(9M20 vs. 9M19)
Net Interest Income	6,363	6,282	1%	5,443	17%	18,840	15,449	22%
Non-Interest Income	290	(53)	NM	617	-53%	463	1,421	-67%
<b>Net Operating Income</b>	<b>6,653</b>	<b>6,229</b>	<b>7%</b>	<b>6,060</b>	<b>10%</b>	<b>19,303</b>	<b>16,870</b>	<b>14%</b>
Non-Interest Expense	(1,352)	(1,323)	2%	(1,270)	7%	(4,201)	(3,889)	8%
Loan Loss Provision	(1,603)	(1,020)	57%	(412)	289%	(3,863)	(1,207)	220%
<b>Net Profit Before Tax</b>	<b>3,697</b>	<b>3,887</b>	<b>-5%</b>	<b>4,378</b>	<b>-16%</b>	<b>11,239</b>	<b>11,774</b>	<b>-5%</b>
Income Tax	(1,306)	(1,320)	-1%	(1,225)	7%	(3,959)	(3,284)	21%
Deferred Tax	(44)	32	NM	30	NM	63	48	33%
<b>Net Profit</b>	<b>2,346</b>	<b>2,599</b>	<b>-10%</b>	<b>3,183</b>	<b>-26%</b>	<b>7,344</b>	<b>8,538</b>	<b>-14%</b>
Minority Interest	(2)	0	NM	0	NM	(2)	0	NM
<b>Net Profit After Minority</b>	<b>2,349</b>	<b>2,599</b>	<b>-10%</b>	<b>3,183</b>	<b>-26%</b>	<b>7,346</b>	<b>8,538</b>	<b>-14%</b>

  

Financial Indicators	3Q20	2Q20	QoQ Change	3Q19	YoY Change	9M20	9M19	YoY Change
			(3Q20 vs. 2Q20)		(3Q20 vs. 3Q19)			(9M20 vs. 9M19)
<b>Profitability</b>								
ROAE	17.6%	21.1%	-16%	28.4%	-38%	18.5%	27.8%	-34%
ROAA	2.31%	2.66%	-13%	3.46%	-33%	2.44%	3.18%	-23%
<b>Efficiency</b>								
Cost-to-Income	20.5%	19.2%	7%	20.7%	-1%	20.7%	23.1%	-10%
<b>Liquidity</b>								
Gross Loans-to-Deposits	40.6%	42.2%	-4%	40.0%	2%	40.6%	40.0%	2%
<b>Asset Quality</b>								
NPLs-to-Gross Loans	3.96%	4.01%	-1%	5.27%	-25%	3.96%	5.27%	-25%
Capital Adequacy Ratio	31.0%	29.5%	5%	27.2%	14%	31.0%	27.2%	14%



**STANDALONE FINANCIAL HIGHLIGHTS**

Income Statement	3Q20	2Q20	QoQ Change	3Q19	YoY Change	9M20	9M19	YoY Change
	EGP million	EGP million	(3Q20 vs. 2Q20)	EGP million	(3Q20 vs. 3Q19)	EGP million	EGP million	(9M20 vs. 9M19)
Net Interest Income	6,356	6,282	1%	5,443	17%	18,833	15,448	22%
Non-Interest Income	330	(43)	NM	615	-46%	504	1,422	-65%
<b>Net Operating Income</b>	<b>6,686</b>	<b>6,239</b>	<b>7%</b>	<b>6,059</b>	<b>10%</b>	<b>19,337</b>	<b>16,870</b>	<b>15%</b>
Non-Interest Expense	(1,339)	(1,321)	1%	(1,269)	6%	(4,184)	(3,886)	8%
Loan Loss Provision	(1,603)	(1,020)	57%	(412)	289%	(3,862)	(1,207)	220%
<b>Net Profit Before Tax</b>	<b>3,745</b>	<b>3,898</b>	<b>-4%</b>	<b>4,378</b>	<b>-14%</b>	<b>11,291</b>	<b>11,777</b>	<b>-4%</b>
Income Tax	(1,306)	(1,320)	-1%	(1,225)	7%	(3,959)	(3,284)	21%
Deferred Tax	(44)	32	NM	30	NM	63	48	33%
<b>Net Profit</b>	<b>2,394</b>	<b>2,610</b>	<b>-8%</b>	<b>3,183</b>	<b>-25%</b>	<b>7,396</b>	<b>8,541</b>	<b>-13%</b>

  

Financial Indicators	3Q20	2Q20	QoQ Change	3Q19	YoY Change	9M20	9M19	YoY Change
			(3Q20 vs. 2Q20)		(3Q20 vs. 3Q19)			(9M20 vs. 9M19)
<b>Profitability</b>								
ROAE	18.0%	21.2%	-15%	28.5%	-37%	18.6%	27.9%	-33%
ROAA	2.36%	2.68%	-12%	3.46%	-32%	2.47%	3.18%	-22%
NIM*	6.71%	6.99%	-4%	6.41%	5%	6.87%	6.30%	9%
<b>Efficiency</b>								
Cost-to-Income	20.2%	19.1%	6%	20.7%	-2%	20.6%	23.0%	-11%
<b>Liquidity</b>								
Gross Loans-to-Deposits	40.5%	42.1%	-4%	40.0%	1%	40.5%	40.0%	1%
<b>Asset Quality</b>								
NPLs-to-Gross Loans	3.97%	4.03%	-2%	5.27%	-25%	3.97%	5.27%	-25%
Direct Coverage Ratio	289%	257%	12%	190%	52%	289%	190%	52%

\*NIM based on managerial accounts

BALANCE SHEET	Consolidated			Standalone		
	Sep-20	Dec-19	YtD Change	Sep-20	Dec-19	YtD Change
	EGP million	EGP million	(Sep-20 Vs. Dec-19)	EGP million	EGP million	(Sep-20 Vs. Dec-19)
Cash & Due from Central Bank	35,786	28,274	27%	35,580	28,274	26%
Due from Banks	56,904	28,353	101%	56,245	28,353	98%
Net Loans & Overdrafts	119,165	119,946	-1%	118,498	119,946	-1%
Financial Derivatives	243	216	12%	242	216	12%
Financial Investments Securities	190,179	197,542	-4%	189,806	197,542	-4%
Financial Investment in Subsidiaries	142	108	32%	836	64	1207%
Other Assets	12,301	12,303	0%	11,959	12,301	-3%
<b>Total Assets</b>	<b>414,720</b>	<b>386,742</b>	<b>7%</b>	<b>413,166</b>	<b>386,697</b>	<b>7%</b>
Due to Banks	8,820	11,811	-25%	8,811	11,811	-25%
Customer Deposits	332,327	304,448	9%	331,211	304,484	9%
Other Liabilities	19,046	18,603	2%	18,988	18,603	2%
<b>Total Liabilities</b>	<b>360,193</b>	<b>334,862</b>	<b>8%</b>	<b>359,010</b>	<b>334,897</b>	<b>7%</b>
<b>Shareholders' Equity &amp; Net Profit</b>	<b>54,185</b>	<b>51,880</b>	<b>4%</b>	<b>54,156</b>	<b>51,800</b>	<b>5%</b>
Minority Interest	342	0	NM	0	0	NM
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>414,720</b>	<b>386,742</b>	<b>7%</b>	<b>413,166</b>	<b>386,697</b>	<b>7%</b>